



National Federation
of the Blind

1800 Johnson Street
Baltimore, MD 21230
Phone 410 659 9314
Fax 410 685 5653

Facsimile Transmission

FROM: James Gashel
OPERATOR: Kimberli Sollenberger
DATE: 1/11/05
SENT TO: John Heyer
FIRM or COMPANY: Committee for Purchase
CITY and STATE: Arlington, VA
FAX NUMBER: (703) 603-0655
PHONE NUMBER:

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MESSAGE: Comments regarding the notice published in the Federal Register at 69 FR page 65395 regarding governance standards for nonprofit agencies and central nonprofit agencies (CNA'S) participating in the Javits-Wagner-O'Day (JWOD) program.



Marc Maurer, President

1800 Johnson Street Baltimore, MD 21230
Phone 410 659 9314 Fax 410 685 5653
www.nfb.org

January 11, 2005

Committee for Purchase From People
Who Are Blind or Severely Disabled
1421 Jefferson Davis Highway
Jefferson Plaza 2, Suite 10800
Arlington, VA 22202-3259

Dear Sir or Madam:

I am writing in response to the notice published in the *Federal Register* at 69 FR page 65395 regarding governance standards for nonprofit agencies and central nonprofit agencies (CNA'S) participating in the Javits-Wagner-O'Day (JWOD) program. The comments of the National Federation of the Blind follow:

The proposed rule would establish governance standards for JWOD agencies. Except for the matter discussed below, the National Federation of the Blind generally supports the proposed rule and certainly supports the proposition that eligible JWOD agencies should be subject to governance standards established by the Committee.

EXCEPTION: According to the proposed governance standards, the compensation package for executive officials of both nonprofit agencies and CNA'S would generally be expected to conform to compensation standards applied to senior federal executives. While exceptional circumstances would be considered, the current pay standard would be approximately \$207,000 annually.

The problem with this suggested limitation on executive compensation is that it only addresses one kind of abuse that has come to light. While it may have been shocking to the Committee's conscience to learn that a few executives of so-called nonprofit JWOD agencies are sometimes paid a half million dollars or more, it should shock the Committee's conscience even more that several thousand of the direct labor employees are paid well below the "prevailing wage" in the area for the jobs they do, and many are paid below the minimum wage.

The point is that both inequities should be remedied. If they are not, it would be a fundamental injustice for the Committee to regulate against unreasonably high pay for executives without also regulating against unreasonably low pay for the direct labor workers. In fact, it is the direct labor workers, not the so-called nonprofit executives, who are supposed to be the beneficiaries of the JWOD program. Therefore, if the

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Committee decides to regulate in the area of pay at all, the regulations at the least ought to take into account the compensation needs of direct labor workers.

If the governance standards do not provide for a reasonable floor to be placed under direct labor wages -- for example the "prevailing wage" for essentially similar work in the area -- we recommend that the proposed compensation standards not be established for executives. If the Committee has authority to regulate compensation at the top end of the scale, it almost certainly has authority to regulate in favor of more adequate compensation for the employees at the bottom end as well. This is particularly so since these employees are the subject of the Committee's program. What could possibly be more important than this in the governance of a nonprofit agency in the JWOD program?

Respectfully submitted,



James Gashel

Executive Director of Strategic Initiatives
NATIONAL FEDERATION OF THE BLIND

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